

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 AID-05 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 EB-07 IGA-02

COME-00 OMB-01 TRSE-00 AGR-05 /071 W

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O R 221144Z DEC 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 2966

INFO AMCONSUL BOMBAY

AMCONSUL MADRAS

AMCONSUL ACALCUTTA

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E.O. 11652: N/A

TAGS: EAID, IN

SUBJECT: FY 76 AID PROGRAM

REF: NEW DELHI 16691

1. AS REPORTED REFTEL, OUR AID STAFF HAS MADE ENCOURAGING PROGRESS TOWARDS DEVELOPING PROJECTS IN MALARIA AND FERTILIZER IN FY 76. IN ACCORDANCE WITH INSTRUCTIONS, OUR CONTACTS HAVE REMAINED AT THE TECHNICAL LEVEL, AND DISCUSSIONS HAVE BEEN INFORMAL AND NO COMMITMENTS HAVE BEEN MADE BY EITHER SIDE.

2. DESPITE THIS PROGRESS, WE ARE CONCERNED AS WE REACH THE END OF 1975 THAT A SITUATION WILL DEVELOP WHERE, PRIMARILY DUE TO TIMING FACTORS, IT WILL BE IMPOSSIBLE TO NEGOTIATE A SATISFACTORY PROGRAM IN FY 76. WE THEREFORE WOULD APPRECIATE WASHINGTON'S CONSIDERATION AND GUIDANCE ON THE ISSUES RAISED BELOW.

3. AS THE DEPARTMENT AND AID WILL REMEMBER, IT PROVED IMPOSSIBLE TO HAVE A BILATERAL DL PROGRAM IN FY 75 DUE TO GOI DELAYS IN LIMITED OFFICIAL USE

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MAKING IT CLEAR THAT THE GOI DID IN FACT WISH THE RESUMPTION

OF BILATERAL ASSISTANCE. WE ACCORDINGLY WERE REQUIRED TO NOFIY THE GOI IN MARCH 1975 THAT NO FY 75 PROGRAM WAS POSSIBLE. THE SITUATION HAS BEEN MARKEDLY DIFFEREFC THIS YEAR. BEGINNING EARLY IN THE FISCAL YEAR THE GOI MADE IT CLEAR THAT IT WISHED A BILATERAL DL PROGRAM. THE USG, HOWEVER, CAME TO THE CONCLUSION THAT IT WOULD NOT BE DESIRABLE TO OPEN FORMAL TALKS WITH THE GOI UNTIL THE AID LEGISLATIVE PROCESS WAS SUBSTANTIALLY COMPLETED. WE ORIGINALLY EXPECTED THAT THIS WOULD TAKE PLACE BEFORE THE END OF THE CALENDAR YEAR. WE ARE CONCERNED THAT IT WILL STILL BE SEVERAL MONTHS UNTIL AID CAN SECURE APPROPRIATION LEGISLATION.

4. AS WE SEE IT, ONE OF THREE POSSIBLE ALZTRNATIVES MIGHT TAKE PLACE. THE MOST OPTIMISTIC OF THESE WOULD BE THAT AID APPRO- PRIATION LEGISTLATION AT THE AUTHORIZATION LEVELS WOULD BE PASSED, THOUGH PROBABLY NOT UNTIL SEVERAL MONTHS INTO 1976. THE SECOND POSSIBILITY IS THAT CONGRESS DOES PASS APPROPRIATION

LEGISTION BUT AT A SUBSTANTIALLY LOWER LEVEL, WHILE THE THIRD POSSIBILITY WOULD BE THAT NO LEGISLATION IS PASSED AND AID WOULD OPERATE ON A CONTINUING RESOLUTION. WE ARE NOT IN A POSITION TO JUDGE WHICH OF THESE THREE POSSIBILITIES IS MOST LIKELY, BUT WOULD APPRECIATE WASHINGTON THOUGHTS ON THIS MATTER. UNDER ANY OF THESE ALTERNATIVES, UNDER EXISTING INSTRUCTIONS, WE WOULD NOT BE IN A POSITION TO SIT DOWN FORMALLY WITH THE GOI UNTIL THE LAST FEW MONTHS OF THE FISCAL YEAR. IN ADDITION, WE WOULD NOT KNOW HOW MUCH FUNDING WOULD BE AVAILABLE FOR OUR BILATERAL PROGRAMS.

5. WE WOULD LIKE TO STRESS THAT WHILE THE GOI WOULD CERTAINLY LIKE TO HAVE PROGRAMS AS CLOSE TO \$75 MILLION AS POSSIBLE, TIS EMBASSY BELIEVES THAT A PROGRAM OF BETWEEN \$40-50 MILLION WOULD BE POLITICALLY AND ECONOMICALLY ADEQUATE.

6. REGARDLESS OF WHAT AMOUNT COULD BE MADE AVAILABLE, WE NEED TO NEGOTIATE WITH THE GOI EARLY IN 1976. IN SEPTTEL WE HAVE SUGGESTED THAT AAO COME TO WASHINGTON IN JANUARY TO DISCUSS NATURE OF POSSIBLE PROGRAM, AND WE WOULD THEN RECOMMEND THAT FOLLOWING SUCH DISCUSSIONS WE BE AUTHORIZED TO OPEN FORMAL TALKS WITH THE GOI WITH AGREED UPON PROGRAM LEVELS.

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7. ALL THE ABOVE DISCUSSIONS AND RECOMMENDATIONS ARE BASED ON THE PREMISE THAT THE USG HAS OFFERED TO INSTITUTE A BILATERAL AID PROGRAM IF THE GOI SO DESIRES. A WITHDRAWAL OF SUCH AN OFFER OR SUCH DELAY IN IMPLEMENTATION THAT A PROGRAM DOES NOT BECOME POSSIBLE WILL OF COURSE BE SEEN IN POLITICAL TERMS. WE SEE NO POLITICAL REASON AT PRESENT WHY A BILATERAL AID PROGRAM SHOULD BE IMPLEMENTED, THOUGH WE WOULD REMAIN VERY CAUTIOUS ON THE NATURE AND EXTENT OF SUCH A PROGRAM AND ABOUT ANY POL-

ITICAL BENEFITS WHICH MIGHT ACCRUE FROM IT.  
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## Message Attributes

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